Valuation of Assets Methodology

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Purpose

The purpose of this document is to outline the valuation approach which Booster applies to investment assets held by the investment products issued or managed by Booster Investment Management Limited (the Manager or Booster). This approach has been developed to ensure that investment assets are valued and priced equitably and consistently, align with approved policies and are consistent with best practice principles.

Scope

This document applies to the valuation of investment assets for the purposes of unit pricing of the wholesale and retail investment products managed and issued by Booster. The valuation methodology of assets and the resulting valuation used for unit pricing purposes may differ from the methodology applied for the preparation of the annual financial statements of the Booster issued financial products.

Valuation Principle

Assets and liabilities are to be valued to reflect their fair market value as at the relevant valuation date.

The overriding principle is to ensure that all assets are valued at fair value. Should a circumstance arise where the Manager considers this methodology does not result in a fair value for an asset, the Manager should adopt an alternative valuation methodology that is fair for the type and nature of the asset being valued.

Security Pricing Protocols

1. **Listed Equities**
   - Where an equity security is listed on a recognised exchange, the last traded price from the primary exchange should be used.

2. **Fixed Interest Securities:**
   - For tradeable fixed interest securities, prices quoted by regular market participants are assessed to determine an appropriate fair market price.
   - For non-tradeable fixed interest securities, the security will generally be valued on a yield to maturity basis and adjusted for any impairment and/or material deterioration in credit risk.
   - For non-tradeable fixed interest securities, where there is an observed change in market conditions that can be validated by reliable external pricing information for directly comparable assets, and it may have a material impact to investors, that information may be taken into account in determining a fair value for the asset.

3. **Exchange Traded Funds**
   - For regularly traded exchange traded funds (ETF's) the most appropriate valuation methodology is to be determined based on the trading nature of the ETF and is to be consistently applied for the valuation of that individual ETF (unless the security experiences an Inactive Market, illiquidity, or the price is considered Stale, in which case the Exception procedures should be applied).
   - Differing methodologies can be used as follows:

- For ETF's that trade reliably throughout each day and that are listed on a recognised exchange, valuations are based on the last listed exchange price.
- For irregularly traded ETF's (i.e. ETF's that may not trade reliably throughout each day), including where the last sale price is not considered to be an accurate measure of value (i.e. significant variances between the last traded price and Net Asset Value (NAV)), and where redemption opportunities exist at NAV, valuations are to be based on the last available NAV price.

4. Funds Managed by Booster

- Where a Booster fund invests in units issued by another Booster fund, the investing fund will value that investment by using the latest available unit price issued by the Booster fund being invested into. This also applies to Booster funds that are listed on a recognised exchange as we consider that the NAV is a better reflection of fair value than the listed unit price.

5. Funds Managed by another Manager

- For investments in funds issued by an external fund manager, the latest available unit price (specifically the redemption price if one exists) issued by that fund manager is used. This includes investments by Booster funds into Booster Tahi LP which is managed by Booster Funds Management Limited (a related party of Booster).

6. Foreign Exchange

- Where an investment security is denominated in a foreign currency, the base currency is converted to NZ dollars at the relevant exchange rate.
- The relevant exchange rate is the 4:00pm London close.

7. Derivatives

- The commonly utilised derivative securities include forward foreign exchange contracts, interest rate swaps and listed options.
- The valuation of these securities should be based on the last traded price (where listed on a recognised exchange), or by following standard market practice (e.g. spot rate plus/ minus adjustment for forward points for forward foreign exchange contracts).
- The use of an external provider for pricing of securities is encouraged for consistency of valuation methodology.

8. Real Property

- An independent valuation will be obtained with no greater than 18 months between valuations. This independent valuation will be used to guide and place an upper limit on the Manager's valuation of the property investment, noting that adjustments may be made to determine the equity value of an investment in an unlisted private entity.
- Each quarter the Manager will review the value of each property investment. The Manager will consider the most recent independent valuation, any advice from an independent registered valuer on the market movements of similar investments, the prevailing market conditions, and any other available market or property investment information. In reviewing the value of a property investment, the Manager will employ the accepted valuation methodology to determine if any adjustment to the value of the property investment needs to be made.
- Booster funds that invest in direct property primarily or wholly invest via the Private Land and Property Fund (**PLPF**). For further details on the valuation policy that applies to that fund, the full *Private Land &*

Property Valuation Policy document can be found at https://disclose-register.companiesoffice.govt.nz by searching for OFR12549.

9. Unlisted Equity - Early-Stage Ventures

- Where Booster invests directly in unlisted securities in an Early-Stage venture, they are to be valued at fair value and in accordance with the "*Booster Valuation Method Guidelines for Early-stage Companies*". Those guidelines take into account factors such as:
  - The most recent capital raise;
  - Progress towards milestones;
  - Cash runway; and
  - Any significant changes in the business.
- Booster funds that invest in early-stage companies primarily or wholly make such investments via investing in the Booster Innovation Fund. The *Booster Valuation Method Guidelines for Early-stage Companies* applies to that fund, but refer to the *Booster Innovation Fund Product Disclosure Statement* which has information on the valuation approach for that fund which can be found here: www.booster.co.nz/tools-info/documents/booster-investment-scheme

Unlisted equity

- Booster funds generally do not invest directly in unlisted equity that is not an early-stage venture.
- Where Booster does invest in unlisted equity directly, Booster will apply the International Private Equity and Venture Capital Guidelines (IPEV).
- Where a Booster managed fund invests indirectly, via a fund or other entity (Booster funds that invest in this asset class currently primary or wholly invest into the Booster Tahi LP, an entity which is managed by a related party of Booster), Booster will as part of its due diligence consider the valuation policy of that manager / vehicle.

Exceptions to the Standard Security Pricing Protocols

There may be circumstances where the Manager considers that the price obtained by following the standard security pricing protocols (as described above) does not reflect the fair value. This may include (but is not limited to) where:

- the price for an investment is not available (such as international public holidays);
- during distribution periods where the underlying fund manager has not recommenced pricing, or where the ex-price has been published but confirmation of distribution has not been received;
- during times of extreme market volatility, an inactive market, illiquidity or where the last traded price is considered 'stale'.

In such circumstances, valuations can be estimated based on the best available information, where that information provides a reliable estimate of value. The reliability of the source of the best available information must be carefully assessed. If a fair value cannot be reasonably estimated, and it will have a material impact on the NAV of a fund, consideration should be given to the suspension of the fund to applications and redemptions - in accordance with the provisions of the Scheme's Trust Deed and other applicable governing document.

A price may be considered stale when there has been no trading or updated pricing for 3 consecutive business days.